

To Members of the California State Senate:

I am returning Senate Bill 437 without my signature.

As much as I believe Legislative employees deserve the one-time benefit provided by this bill, I am unable to sign this bill at this time. We are in a time of unprecedented economic crisis and it is vital to remain prudent and restrain from spending money the state doesn't have.

When the people of California voted overwhelmingly for Proposition 140, they decided that the Legislature should operate within a specific budget. This bill circumvents the will of the people by passing the costs of this extra benefit for the Legislature to the State.

This bill reduces the retirement contribution rate paid by legislative employees who participate in the Public Employees' Retirement System (PERS) from 5% to zero contribution for a twelve (12) month period. The temporary reduction for these employees comes at a time when the state's pension costs are consistently increasing. The fact that this bill sunsets within a year does not address the difficulty posed by the additional short-term fiscal pressure this measure will impose.

Sincerely,

Arnold Schwarzenegger